

## Message Text

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FOR EUR/RPE

E.O. 11652: N/A  
TAGS: ECON, ECIN, PFOR, SOPN, IT, XG  
SUBJECT: TEXT OF HINTON SPEECH IN TURIN

FOLLOWING IS THE TEXT OF AN ADDRESS BY AMBASSADOR DEANE R.  
HINTON, US REPRESENTATIVE TO THE EUROPEAN COMMUNITIES,  
DELIVERED IN TURIN FEBRUARY 2 TO THE UNIONE INDUSTRIALE  
(ASSOCIATION OF MANUFACTURERS).

BEGIN TEXT.

FRESH APPROACHES IN ATLANTIC RELATIONS

THE EARLY INHABITANTS OF THE SPLENDID ITALIAN PENINSUAL  
BEQUEATHED US A STRIKING SYMBOL FOR THE NEW YEAR, THE  
GOD COMMEMORATED IN THE NAME OF THE FIRST MONTH. JANUS  
RELLECTED ON THE PAST AND LOOKED TO THE FUTURE, AN ADMI-  
RABLE VARIETY OF DOUBLE VISION AND AN OUTLOOK MOST APPRO-  
PRIATE AT THE PRESENT MOMENT WHEN NEW TEAMS HAVE TAKEN ON  
THE BURDENS OF RESPONSIBILITY IN WASHINGTON AND IN BRUSSELS.

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IF I MAY BE PERMITTED TO MIX ROMAN AND GREEK LORE, I WOULD  
ASK YOU TO IMAGINE JANUS STANDING ATOP A MOUNTAIN ON ATLANTIS,  
FACING BOTH EAST AND WEST. THE VIEWS HE WOULD HAVE OF THE  
POSTURES OF THE CARTER ADMINISTRATION AND OF THE NEW EUROPEAN  
COMMUNITY COMMISSIONERS IN MANY AREAS WOULD BE QUITE SIMILAR.  
THAT BROAD AGREEMENT EXISTS IS AN ENCOURAGING SIGN AS AMERICANS  
AND EUROPEANS FACE THE MAJOR INTERNATIONAL ECONOMIC ISSUES OF

1977.

THESE ISSUES CAN BE LISTED IN VARIOUS WAYS. THE ENUMERATION FREQUENTLY EMPLOYED INCLUDES GROWTH STIMULATION AND EMPLOYMENT CREATION IN SOME COUNTRIES AND INFLATION MODERATION IN OTHERS, CONSERVING ENERGY AND DEVELOPING ENERGY RESOURCES OTHER THAN IMPORTED OIL, LIBERALIZING TRADE, ESTABLISHING A LEGAL FRAMEWORK FOR THE EXPLOITATION OF OCEAN RESOURCES, CONTROLLING THE SPREAD OF NUCLEAR WEAPON CAPABILITY, CONSULTING CLOSELY ON THE PROBLEMS AND OPPORTUNITIES IN THE EXPANSION OF TRADE WITH NON-MARKET ECONOMY COUNTRIES, AND EVOLVING MUTUALLY-BENEFICIAL RELATIONS BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES.

I AGREE THAT THESE ARE THE MAIN ITEMS ON OUR AGENDA, BUT I DO NOT PROPOSE TO DISCUSS THEM AS SEPARATE ISSUES. RATHER, I THINK IT MAY BE MORE USEFUL TO EXAMINE THESE ISSUES IN THE LIGHT OF THE PRINCIPLES WHICH HAVE GUIDED POSTWAR AMERICAN ADMINISTRATIONS, WHICH, I BELIEVE, WILL ALSO ANIMATE THE INITIATIVES OF THE NEW ADMINISTRATION IN WASHINGTON, AND WHICH, I AM HOPEFUL, WILL INSPIRE OUR PARTNERS IN BRUSSELS. THESE PRINCIPLES ARE INTERDEPENDENCE, INNOVATION TEMPERED WITH DELIBERATENESS, DEMOCRACY, AND FREEDOM.

INTERDEPENDENCE

I START WITH INTERDEPENDENCE, FOR THIS HAS BEEN THE MOST IMPORTANT LESSON WE HAVE HAD TO LEARN IN THIS CENTURY.

IN 1977, IT IS CRITICAL THAT WE THINK IN TERMS OF MORE  
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ECONOMIC RECOVERY. FOR THIS, DEMAND RESTRICTION IN ECONOMIES UNDER INFLATIONARY PRESSURES, COUPLED WITH PRUDENT EXPANSION IN STROHGER ECONOMIES, IS CLEARLY INDICATED. PRESIDENT CARTER HAS TAKEN THE LEAD WITH NEW STIMULATORY PROPOSALS, AND THERE IS GOOD REASON TO EXPECT FURTHER CONCERTED STIMULATORY ACTIONS FROM GERMANY AND JAPAN. THIS GLOBAL APPROACH IS ESSENTIAL SINCE THE ABILITY OF ANY GOVERNMENT TO CONTROL ITS GROWTH AND INFLATION RATE HAS REPERCUSSIONS NOT ONLY ON THE INTERNATIONAL VALUE OF ITS CURRENCY, BUT ALSO ON EMPLOYMENT IN ITS TRADING PARTNERS. IN SHORT, ON THE WORLD ECONOMY. RESTRICTIONS BY ONE COUNTRY OR A GROUP OF COUNTRIES AGAINST THE EXPORTS OF A MORE COMPETITIVE COUNTRY INTRODUCE DISTORTIONS IN THE WORLD MARKETPLACE. A GOVERNMENT'S ACQUIESCENCE IN THE DEMANDS OF DOMESTIC PROTECTIONIST LOBBIES CREATES COUNTER-PRESSURES IN NEIGHBOR COUNTRIES, WHICH SOONER OR LATER ARE FELT BACK IN THE FIRST COUNTRY. ONE OIL IMPORTER'S NEGLECT OF ENERGY CONSERVATION MAGNIFIES THE NEED FOR OTHER OIL IMPORTERS TO CONSERVE AND WEAKENS THE BARGAINING POWER OF ALL OIL IMPORTERS. LENGTHENING THE LIST OF

STATES POSSESSING NUCLEAR WEAPONS MANUFACTURING CAPABILITY  
TEMPTS OTHER STATES TO ACQUIRE THIS DANGEROUS POTENTIAL.

GOOD ACTIONS ALSO SET EXAMPLES, AND THEY ARE CONTAGIOUS. THE  
WILLINGNESS OF THE GOVERNMENTS IN OECD MEMBER COUNTRIES WITH  
STRONGER ECONOMIES TO PLEDGE TO RESIST TRADE-DISTORTING ACTIONS  
HAS ENABLED GOVERNMENTS PRESIDING OVER WEAKER ECONOMIES TO UNDER-  
TAKE THE SAME COMMITMENT AND, BY AND LARGE OVER THE PAST TWO AND  
A HALF YEARS OF RECESSION, TO ADHERE TO IT. IN THE VERY FEW  
CASES WHERE GOVERNMENTS HAVE DEVIATED FROM THIS PLEDGE, THEIR  
PARTNERS HAVE URGED THEM TO ELIMINATE THEIR RESTRICTIONS  
PROMPTLY AND HAVE PROVIDED ASSISTANCE TO HELP THEM ACCOMPLISH  
THIS. THOROUGH AND FREQUENT CONSULTATION BETWEEN HIGH OFFICIALS  
OF THE UNITED STATES AND THE EUROPEAN COMMUNITY HAS KEPT THE  
DISCUSSION OF THRONY TRADE DISPUTES DISPASSIONATE AND HAS LIMITED  
THE DAMAGE DONE TO EITHER SIDE. AGREEMENT OF THE MEMBERS OF THE  
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INTERNATIONAL ENERGY AGENCY ON AN EMERGENCY SHARING PROGRAM  
AND THEIR COOPERATION IN RESEARCH AND DEVELOPMENT HAVE PROVIDED  
ALL OF THEM WITH MORE CONFIDENCE AND HAVE ENABLE EACH MEMBER  
TO FACE UP MORE EFFECTIVELY TO ITS NATIONAL ENERGY PROBLEMS.  
ALSO, NEGOTIATIONS AMONG GOVERNMENTS HAVE PRODUCED A NEW  
FRAMEWORK FOR THE INTERNATIONAL MONETARY SYSTEM.

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BEFORE THE PRESIDENTIAL ELECTION, IN AN ARTICLE PUBLISHED IN THE MAGAZINE ISSUED BY THE EUROPEAN COMMUNITY'S OFFICE IN WASHINGTON, MR. CARTER STATED THAT FOR THE UNITED STATES AND THE NATIONS OF THE EUROPEAN COMMUNITY, "IN ECONOMIC POLICY, THEIR COOPERATION WITH EACH OTHER AND WITH JAPAN IS NECESSARY BOTH TO THEIR PROSPERITY AND TO THE PROGRESS OF DEVELOPING COUNTRIES." FOR THE POSITIONS OF SECRETARIES OF STATE AND TREASURY, THE DIRECTOR OF THE NATIONAL SECURITY COUNCIL AND SEVERAL OF THEIR PRINCIPAL ASSISTANTS, PRESIDENT-ELECT CARTER NOMINATED MEN WHO ARE WELLKNOWN IN EUROPE AND JAPAN AND ARE HIGHLY KNOWLEDGEABLE OF EUROPEAN AND JAPANESE REALITIES. EVEN BEFORE OUR NEW PRESIDENT WAS INAUGURATED, HE ARRANGED FOR VICE-PRESIDENT MONDALE TO VISIT ROME AND OTHER EUROPEAN CAPITALS AND TOKYO TO DISCUSS THE ISSUES AND LISTEN TO EUROPEAN AND JAPANESE VIEWS. EUROPEAN LEADERS MR. MONDALE HAS MET HAVE RECOGNIZED THE FORTHCOMING ATTITUDE OF THE CARTER ADMINISTRATION AND HAVE RESPONDED WARMLY TO IT.

ON THE EUROPEAN COMMUNITY SIDE, ALSO, THERE IS A STRONG COMMITMENT TO COOPERATION. A FEW WEEKS BEFORE HE ASSUMED HIS RESPONSIBILITIES AS PRESIDENT OF THE NEW COMMISSION, ROY JENKINS JOURNEYED TO NEW ENGLAND AND GAVE A REMARKABLE SPEECH AT THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY. RECALLING THE STRONG UNCLASSIFIED

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AMERICAN SUPPORT FOR EUROPEAN INTEGRATION, UNDER SUCCESSIVE ADMINISTRATIONS ALL THROUGH THE POSTWAR YEARS, MR. JENKINS DESCRIBED THE PROGRESS THE MEMBER STATES OF THE EUROPEAN COMMUNITY HAVE MADE IN STRENGTHENING COMMUNITY INSTITUTIONS, CREATING THE WORLD'S LARGEST TRADING UNIT, AND HARMONIZING THE FOREIGN POLICY APPROACHES OF THE NINE EUROPEAN GOVERNMENTS. HE STATED THAT "THE EUROPEANS HAVE BEEN TAKING ON AN INCREASINGLY IMPORTANT PART OF THE BURDEN OF RESPONSIBILITY FOR THE MAINTENANCE AND DEVELOPMENT OF THE DEMOCRATIC INDUSTRIAL SOCIETY WE HAVE IN COMMON." HE NOTED THAT MR. CARTER, IN THE ARTICLE TO WHICH I HAVE PREVIOUSLY REFERRED, HAD WRITTEN, "I BELIEVE THAT WE (AMERICANS) SHOULD DEAL WITH BRUSSELS ON ECONOMIC ISSUES TO THE EXTENT THAT THE EUROPEANS THEMSELVES MAKE BRUSSELS THE FOCUS OF THEIR DECISIONS; AND MR. JENKINS WENT ON TO THANK THE AMERICAN PRESIDENT-ELECT FOR ENCOURAGING THE EUROPEANS TO STRENGTHEN THEIR UNITY WITHIN THE STRUCTURES OF THE EUROPEAN COMMUNITY.

I PERSONALLY THINK THAT IT IS HIGHLY SIGNIFICANT THAT THE CARTER ADMINISTRATION AND THE JENKINS COMMISSION HAVE EMBARKED ON THEIR MANDATES WITH SUCH CLEAR AFFIRMATIONS OF THE RELATIONSHIP BETWEEN WASHINGTON AND BRUSSELS. IN SOME PERIODS IN THE PAST SOME EUROPEANS HAVE DOUBTED THE CONSTANCY OF AMERICAN SUPPORT FOR EUROPEAN INTEGRATION. IN SOME PERIODS IN THE PAST AMERICANS HAVE WONDERED IF EUROPEANS WERE SERIOUS ABOUT "EUROPE", WHETHER IT WAS SENSIBLE

FOR THE UNITED STATES TO ENCOURAGE THE PROCESS OF UNIFICATION WHICH EUROPEANS THEMSELVES SEEMINGLY HAD LITTLE URGE TO COMPLETE. QUESTIONING AND SKEPTICISM ON BOTH SIDES LED TO MISUNDERSTANDING AND SUSPICIONS. THE STATEMENTS OF THE PRESIDENT CARTER AND PRESIDENT JENKINS HAVE CLEARED THE AIR. THE AMERICAN GOVERNMENT WISHES THE EUROPEAN COMMUNITY WELL AND LOOKS FORWARD TO WORKING WITH THE MEMBER STATES THROUGH THE COMMUNITY INSTITUTIONS, TO THE EXTENT THE EUROPEANS DESIRE. WE AMERICANS CANNOT DO ANY MORE THAN THAT, BUT IT IS OUR POLICY TO DO AS MUCH AS THAT. MR. JENKINS ACKNOWLEDGED THIS WHEN HE ADDRESSED THE EUROPEAN PARLIAMENT ON JANUARY 11.

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HE SAID, "OUR OWN ATTITUDE (AS EUROPEANS)...HOW SERIOUSLY WE TAKE OURSELVES AS A COMMUNITY...IS A PREREQUISITE FOR THE REACTIONS OF OTHERS."

FRANK AND INCREASINGLY FULL COOPERATION BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITY IS THE ESSENTIAL FOUNDATION FOR WORLD COOPERATION, FOR THE ATLANTIC NATIONS, WITH JAPAN, HAVE THE STRENGTH TO FACE ANY DIFFICULTIES IN OUR INTERDEPENDENT WORLD.

AT THIS POINT, SOME OF YOU MAY WONDER WHY IN A DISCUSSION OF ATLANTIC RELATIONS I REFER SO OFTEN TO THE THIRD MAJOR PARTNER IN THE INDUSTRIALIZED NATIONS' GROUP, TO JAPAN. LAST YEAR, WITH SEVERAL EUROPEAN NATIONS EMERGING TOO SLOWLY FROM THE RECESSION, JAPANESE COMPETITION WAS ACUTELY FELT. REACTION IN THE EUROPEAN COMMUNITY STATES WAS SHARP.

IT IS NATURAL THAT EMPLOYERS, LABOR UNIONS, AND GOVERNMENTS WILL SEEK TO PROTECT EMPLOYMENT OPPORTUNITIES. IT IS UNFORTUNATE THAT THE FIRST WEAPON OF DEFENSE IS OFTEN THAT OF IMPORT RESTRICTION OR EXPORT SUBSIDIES, OR BOTH, WHICH DISTORT TRADE. IT IS HARDLY SURPRISING THAT SUCCESSFUL EXPORTERS REACT TO THESE MEASURES BY ASKING WHY THEY SHOULD BE PUNISHED FOR COMPETING TOO WELL.

AT BOTTOM, I THINK ALL GOVERNMENTS AND PRIVATE LEADERS SHOULD ASK, "HOW MAY WORLD EMPLOYMENT AND WORLD EFFICIENCY BEST BE INCREASED? HOW MAY CONSUMERS' INTERESTS IN ALL COUNTRIES BE SERVED?" THE ANSWERS ARE NOT BY RESTRICTING TRADE, BUT RATHER BY OPENING UP TRADE CHANNELS AND/OR ADJUSTING OVERALL LEVELS OF ECONOMIC ACTIVITY.

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INNOVATION

THE SECOND SIMILARITY WHICH I THINK JANUS -ON-ATLANTIS MIGHT PERCEIVE IN REGARDING BRUSSELS AND WASHINGTON IN 1977 IS A MORE CAREFUL ATTITUDE IN DEALING WITH OUR MUTUAL PROBLEMS. PRESIDENT CARTER'S FIRST PRE-INAUGURAL, INDEED, PRE-ELECTORAL ACT WAS TO ESTABLISH A TRANSITION STAFF TO ANALYZE THE ISSUES HE WOULD FACE ONCE IN OFFICE. IN AMERICAN HISTORY THIS WAS AN INNOVATION, JUST AS IN EUROPEAN HISTORY WAS THE ADVANCE DESIGNATION -- AT ABOUT THE SAME TIME -- OF THE NEW PRESIDENT OF THE COMMISSION. IT IS CLEAR THAT BOTH PRESIDENTS BENEFITED FROM THIS EARLY START. PRESIDENT CARTER'S SELECTION OF HIS CABINET, AS HAD BEEN HIS SELECTION OF HIS VICE-PRESIDENT, WAS A THOUGHTFUL, DELIBERATE EXERCISE, DESIGNED TO PRODUCE A BALANCED TEAM. PRESIDENT JENKINS ADOPTED THE SAME APPROACH IN THE ALLOCATION OF PORTFOLIOS TO HIMSELF AND THE OTHER COMMISSIONERS. BOTH PRESIDENTS FEEL DEEPLY ABOUT CERTAIN THINGS. WE CAN EXPECT PRESIDENT CARTER TO BE QUITE FORTHRIGHT. PRESIDENT JENKINS HAS SAID THE COMMISSION MUST "BREAK OUT OF THE CITADEL". EVEN ON THESE OCCASIONS, AND AS A GENERAL RULE, BOTH PRESIDENTS' DECISIONS WILL, I BELIEVE, BE PRECEDED BY DETAILED STUDY OF OPTIONS AND LIKELY CONSEQUENCES. THE TIME WE LIVE IN, THE NATURE OF THE ISSUES, THE RESPECTIVE PRESIDENTS AND THEIR COLLEAGUES, ALL SEEM TO PROMISE FEWER

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QUICK FIXES, MORE SUSTAINED INITIATIVES TO REACH LONG-TERM OBJECTIVES. INTERNATIONAL ECONOMIC ISSUES WILL DEMAND THE VERY BEST FROM BOTH THE UNITED STATES AND THE EUROPEAN COMMUNITY. ONE AREA IN

WHICH THE NEED IS ESPECIALLY EVIDENT IS THAT OF ENERGY. THE CARTER ADMINISTRATION HAS INDICATED THAT IT WILL MAKE A MAJOR STATEMENT ON ENERGY POLICY SOMETIME IN APRIL. IN THIS CONNECTION, THE VIEWS OF OUR FELLOW MEMBERS OF THE INTERNATIONAL ENERGY AGENCY, INCLUDING THE COMMUNITY, WILL BE SOUGHT IN ADVANCE AND WILL BE CONSIDERED AS WE DEVELOP OUR OWN NEW APPROACHES. AT THE SAME TIME, WE HOPE THAT THE EC WILL SUCCEED IN FORMULATING COMMON APPROACHES, CONSISTENT WITH OUR OWN AND IEA'S EFFORTS, TO RELIEVE THE PRESSURES OF AN EXAGGERATED DEPENDENCE ON IMPORTED ENERGY SUPPLIES. EUROPEANS, AMERICANS, AND OTHER INDUSTRIALIZED NATIONS FACE DEMANDS FROM IMPATIENT THIRD WORLD NATIONS UNDER GREAT PRESSURE TO INCREASE THEIR INCOME. I HAVE NO DOUBT THAT WE WILL RESPOND, WITH REALISTIC PROPOSALS AND WITH COMPASSION. OUR RESPONSES SHOULD BE PRAGMATIC AND DIFFERENTIATED. IDEOLOGICAL DEBATES LEAD NOWHERE. BLANKET SOLUTIONS WILL NOT MEET THE NEEDS OF THE THIRD WORLD, FOR THE DEVELOPING COUNTRIES ARE AT DIFFERENT STAGES OF INDUSTRIALIZATION; THEY PRODUCE AND EXPORT DIFFERENT COMMODITIES; SOME HAVE RUN UP LARGE DEBTS, WHILE SOME HAVE BEEN AT GREAT PAINS TO ESTABLISH AND MAINTAIN THEIR CREDITWORTHINESS. 8, HIS OCTOBER ARTICLE ON ATLANTIC RELATIONS, PRESIDENT CARTER STATED HIS BELIEF THAT "ACROSS-THE-BOARD INDEXING" OR A DEBT MORATORIUM WOULD NOT HELP THE DEVELOPING COUNTRIES. HE CALLED INSTEAD FOR A MIX OF MEASURES APPLIED ON A CASE-BY-CASE BASIS TO COMMODITIES AND COUNTRY RECIPIENTS OF AID: TARIFF REDUCTIONS AND LOWERING OF OTHER BARRIERS TO DEVELOPING COUNTRIES' EXPORTS, COMMERCIAL AND CONCESSIONAL LOANS, COMMODITY AGREEMENTS IN SELECTED CASES, AND FOR SYMPATHETIC CONSIDERATION OF DEBT RESCHEDULING FOR THE POOREST COUNTRIES WHERE NEEDED.

HE CALLED, TOO, FOR ATLANTIC COOPERATION TO ACCELERATE THE DEVELOPING COUNTRIES' PROGRESS. THE UNITED STATES AND THE EUROPEAN COMMUNITY  
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SHOULD STAND TOGETHER IN THE NORTH-SOUTH DIALOGUE, NOT TO REBUFF THE ASPIRATIONS OF OUR NEIGHBORS, BUT TO WORK TOGETHER WITH THEM TO REACH THEIR GOALS.

WE WE SPEAK OF THE SUBJECTS IN THE "NORTH-SOUTH DIALOGUE", WE USUALLY REFER TO THE ISSUES WHICH HAVE BEEN EXAMINED IN THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION IN PARIS LAST YEAR AND IN UNCTAD FORUMS IN GENEVA AND OTHER CITIES. TWO OTHER NEGOTIATIONS INVOLVING DEVELOPED AND DEVELOPING COUNTRIES ARE ALSO WORTHY OF NOTE. BOTH ARE IMPORTANT AND MERIT THE BEST EFFORTS OF EUROPEAN AND AMERICAN LEADERS TO BRING THEM TO A

SUCCESSFUL CONCLUSION THIS YEAR.

THE MULTI-FIBERS AGREEMENT WHICH WENT INTO EFFECT IN 1974 IS UP FOR RENEWAL NOW. UNDER THE MFA THERE HAS BEEN A CONTROLLED GROWTH

OF TEXTILE EXPORTS FROM THE DEVELOPING COUNTRIES TO THE MORE INDUSTRIALIZED ONES. THE ORIGINAL MFA WAS THE PRODUCT OF COMPROMISE. NEITHER EXPORTING NOR IMPORTING COUNTRIES WERE FULLY SATISFIED, BUT THE TERMS OF THE AGREEMENT HAVE BEEN RESPECTED AND IT HAS WORKED REASONABLY WELL. IT SHOULD BE RENEWED IN ITS PRESENT FORM.

IN GENEVA THE MULTILATERAL TRADE NEGOTIATIONS, LAUNCHED IN SEPTEMBER 1973, HAVE MADE FAIRLY GOOD BUT SLOW PROGRESS. THE NECESSITY TO ANALYZE THE PARTICIPATING NATIONS' TRADE PATTERNS, A GREAT VARIETY OF NON-TARIFF BARRIERS, AND THE POTENTIAL EFFECTS OF TRADE LIBERALIZATION ALWAYS MAKES FOR SLOW GOING IN THE INITIAL STAGES OF GATT ROUNDS. IN 1976 FIVE NATIONS PROPOSED TARIFF CUT FORMULAS, THE UNITED STATES AND THE EUROPEAN COMMUNITY AGREED ON PROCEDURES TO ENABLE EXAMINATION OF AGRICULTURAL QUESTIONS, AND SEVERAL COUNTRIES PUT FORWARD LISTS OF TROPICAL PRODUCTS WHOSE IMPORT THEY HAVE NOW LIBERALIZED. THE WAY IS OPEN FOR THE SUCCESSFUL CONCLUSION OF THE MULTILATERAL TRADE NEGOTIATIONS TO WHICH THE HEADS OF GOVERNMENT OF THE PRINCIPAL WORLD TRADING NATIONS PLEDGED THEMSELVES IN 1975 AND 1976. TO REACH OUR GOAL, HOWEVER, WILL REQUIRE IMAGINATION AND HARD UNCLASSIFIED

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WORK. FORTUNATELY, ON BOTH THE AMERICAN AND THE EUROPEAN COMMUNITY SIDES THE OFFICIALS RESPONSIBLE FOR TRADE POLICY ARE EXPERIENCED AND ABLE. LET US HOPE THEY ARE ALSO REASONABLE, A PREREQUISITE FOR SUCCESS WHEN THE OUTCOME MUST BE MUTUALLY-SATISFACTORY.

PRIME OBJECTIVES FOR THE UNITED STATES IN THE MTN ARE TO OBTAIN MORE EQUAL TREATMENT OF AGRICULTURAL AND INDUSTRIAL TRADE, TO PRODUCE OR ELIMINATE NON-TARIFF BARRIERS, AND TO ESTABLISH A SET OF PRINCIPLES GOVERNING THE USE OF EXPORT SUBSIDIES AND DEFENSIVE MEASURES AGAINST THEM.

EAST-WEST RELATIONS ARE ANOTHER AREA WHERE THE EFFECTS OF INTERDEPENDENCE ARE INCREASINGLY EVIDENT AND WHERE INGENUITY MAY BE CALLED FOR IN 1977.

INDUSTRIALIZATION AND THE NEED TO RESPOND TO CONSUMER DEMANDS IN THE EASTERN EUROPEAN COUNTRIES HAVE SIGNIFICANTLY CHANGED THE PATTERN OF THOSE COUNTRIES' FOREIGN TRADE AND RECEPTIVITY TO FOREIGN CAPITAL. THE EUROPEAN COMMUNITY AND THE UNITED STATES, ALONG WITH OTHER OECD MEMBERS, ARE BEGINNING TO STUDY THE ISSUES WHICH THE INCREASING INTERDEPENDENCE OF MARKET AND NON-MARKET ECONOMIES HAS BROUGHT TO THE FORE. THE EUROPEAN COMMUNITY HAS A PARTICULAR INTEREST IN EAST-WEST ECONOMIC DEVELOPMENTS, SINCE THE EASTERN EUROPEAN COMMUNIST STATES HAVE NOT YET EVEN RECOGNIZED ITS LEGAL EXISTENCE. ONE WONDERS IF RECOGNITION MIGHT NOT NOW COME IN CONNECTION WITH NEGOTIATIONS FOR CONTINUED FISHING IN THE EXTENDED EUROPEAN COMMUNITY WATERS, BRINGING THE LOWLY HERRING TO THEIR GREATEST PROMINENCE IN EUROPEAN HISTORY SINCE



THEY FORMED REMBRANDT'S PRIME SUSTENANCE.

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THE DEMOCRATIC WAY

THE VIEW FROM MID-ATLANTIC OF DEMOCRACY'S PROSPECTS IN BOTH THE UNITED STATES AND THE EUROPEAN COMMUNITY GIVES MUCH CAUSE FOR ENCOURAGEMENT. PRESIDENT CARTER'S VICTORY WAS POPULAR ONE PAR EXCELLENCE. PRESIDENT JENKINS, A SOMETIMES LONELY FIGURE IN HIS OWN COUNTRY AND HIS OWN PARTY, SAW HIS OPINION OF BRITAIN'S PROPER RELATIONSHIP TO EUROPE PREVAIL IN THE BRITISH REFERENDUM. BOTH PRESIDENTS PUT A HIGH PREMIUM ON INFORMING THE PUBLIC. PRESIDENT CARTER HAS VOWED AN OPEN GOVERNMENT, AT HOME AND ABROAD. IN HIS INAUGURAL ADDRESS HE SAID, "WE KNOW THAT THE TRUST WHICH OUR NATION EARNS IS ESSENTIAL TO ITS STRENGTH." PRESIDENT JENKINS' FIRST POINT OF EMPHASIS IN HIS FIRST APPEARANCE BEFORE THE EUROPEAN PARLIAMENT WAS "TO TRY TO ENSURE A VIGOROUS PRESENTATION TO THE PUBLIC OF THE COMMISSION'S ACTIVITIES."

PRESIDENT CARTER'S CONSULTATIONS WITH THE LEADERS OF THE CONGRESS, BEFORE AND AFTER HIS ELECTION, HAVE BEEN EXTRAORDINARILY FULL AND FREQUENT. PRESIDENT JENKINS TOLD HIS PARLIAMENT THAT HE INTENDED THAT THE NEW COMMISSION ANTICIPATE DIRECT ELECTIONS, "TO GET USED TO TREATING THE PRESENT PARLIAMENT AS IT WILL TREAT THE NEW ONE".

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HE, TOO, WILL MAKE EVERY EFFORT TO DEEPEN CONSULTATIONS BETWEEN THE COMMUNITY'S EXECUTIVE AND LEGISLATIVE BRANCHES.

MEANWHILE, MEMBERS OF THE EUROPEAN PARLIAMENT AND THE UNITED STATES CONGRESS HAVE TAKEN INTERDEPENDENCE SERIOUSLY. FOR THE PAST SEVERAL YEARS THEY HAVE MET EVERY SIX MONTHS, ALTERNATIVELY IN AMERICA AND EUROPE, TO EXCHANGE IDEAS ON CURRENT ECONOMIC AND POLITICAL PROBLEMS AND TO EXAMINE CURRENT DEVELOPMENTS IN JOINT, INFORMAL SESSIONS. THESE REGULAR EXCHANGES HVE NURTURED UNDERSTANDING AND FRIENDSHIP. THERE NOW EXISTS A SMALL BUT INFLUENTIAL ATLANTIC PARLIAMENTARY COMMUNITY.

ONE OF THE MEMBERS OF THE EUROPEAN PARLIAMENT AND A LONGTIME PARTICIPANT IN THE EXCHANGES WITH THE UNITED STATES CONGRES, THE DUTCH SENATOR WILLEM SCHUIJT, HAS INSPIRED A BROADER EXCHANGE BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITY. UNDER THE SCHUIJT PROGRAM, WHICH IS JOINTLY FINANCED BY THE EUROPEAN COMMUNITY'S COMMISSIO AND THE EUROPEAN PARLIMENT, SEVERAL SCORE AMERICAN JOURNALISTS, EDUCATORS, LABOR LEADERS, AND LEGISLATIVE AIDES HAVE SPENT THREE TO FOUR WEEKS IN CONCENTRATED STUDY OF EUROPEAN COMMUNITY INSTITUTIONS AND THE ECONOMIC DEVELOPMENTS IN THE MEMBER STATES. A NUMBER OF THESE EUROPEAN VISITORS HAVE COME TO ITALY IN RECNET MONTHS, AND THEY HAVE GAINED A BETTER APPRECIATION OF ITALIAN REALITIES.

DEMOCRACY, AS JEFFERSON POINTED OUT, REQUIRES AN INFORMED PUBLIC. THESE EXCHANGES ARE HELPING TO FORM AN INFORMED ATLANTIC PUBLIC. I HAVE NO DOUBT THAT PRESIDENT CARTER AND PRESIDENT JENKINS WILL ENCOURAGE THESE AND OTHER EXCHANGES TO INCREASE KNOWLEDGE AND SELL THE CURRENTS OF SYMPATHY BETWEEN EUROPE ANDTTHE UNITED STATES.

OUR FREE SOCIETIES

FINALLY, A WORD ON THE ESSENCE OF THE ATLANTIC SOCIETY. THE TWO PRESIDENTS WHO ASSUMED THEIR DUTIES AT THE BEGINNING OF THIS YEAR DID SO AT A PROPITIOUS TIME. THE STOCK OF LIBERTY IS ON THE RISE.  
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IN AMERICA WE HAVE EMERGED FROM A SOMBER PASSAGE. AT THE END OF OUR SECOND CENTURY WE FOUND ONCE AGAIN THAT THE CONSITUTION WORKED, FREE INQUIRY PREVAILED, THE PEOPLE TRIUMPHED. IN EUROPE, TOO, THE TIDE HAS TURNED. FIRST IN GREECE, THEN IN PORTUGAL, LATELY IN SPAIN AUTHORITARIAN REGIMES HAVE DISAPPEARED FROM THIS CONTINENT. AS DEMOCRATIC GOVERNMENTS HAVE EMERGED, THEIR LEADERS HAVE HASTENED TO CLEAVE TO THE EUROPEAN COMMUNITY. THE DESIRE TO JOIN THE COMMUNITY HAS PUZZLED SOME OF THE EUROPEANS IN COUNTRIES WHICH ARE ALREADY MEMBERS. THEY WITNESS THE INTERNAL DIFFICULTIES OF COMMUNITY DEVELOPMENT. THEY HAVE BECOME FRUSTRATED

BY THE SEMI-STAGNATION OF THE UNIFICATION MOVEMENT. WHAT IS IT, THEY ASK, THAT GREEKS AND PORTUGUESE AND SPANIARDS SEE THAT MAKES COMMUNITY MEMBERSHIP SO DESIRABLE? IF AN AMERICAN BE PERMITTED TO VENTURE AN ANSWER, I WOULD SAY IT IS NOT SO MUCH THE HOPE OF ECONOMIC AID, THOUGH IT IS CERTAINLY NEEDED AND WILL BE WELCOME; IT IS NOT SO MUCH THE DESIRE TO MAKE EUROPE WHOLE, THOUGH THAT IS A POWERFUL PSYCHOLOGICAL, ALMOST A PHYSICAL, FORCE; IT IS ABOVE ALL A DESIRE TO JOIN THE RANKS OF FREE PEOPLE IN A WORLD WHERE THOSE WHO LIVE FREE ARE IN THE MINORITY. I DON'T THINK YOU HAVE TO TEACH GREEKS AND PORTUGUESE AND SPANIARDS THE VALUE OF FREEDOM TODAY. THEY HAVE BEEN TOO LONG ON THE OTHER SIDE.

IN THE DEFENSE OF FREEDOM EUROPEANS WILL NOT BE ALONE. IN HIS LONG CAMPAIGN FOR THE PRESIDENCY, JIMMY CARTER MADE CLEAR HIS FEELINGS. IN HIS INAUGURAL ADDRESS HE STATED, "BECAUSE WE ARE FREE WE CAN NEVER BE INDIFFERENT TO THE FATE OF FREEDOM ELSEWHERE. OUR MORAL SENSE DICTATES A CLEARCUT PREFERENCE FOR THOSE SOCIETIES WHICH SHARE WITH US AN ABIDING RESPECT FOR INDIVIDUAL HUMAN RIGHTS."

PRESIDENT CARTER BEGAN HIS INAUGURAL ADDRESS BY NOTING THAT IT MARKED "A NEW BEGINNING...AND A NEW SPIRIT AMONG US ALL. A PRESIDENT MAY SENSE AND PROCLAIM THAT NEW SPIRIT," HE SAID, "BUT ONLY A PEOPLE CAN PROVIDE IT."

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I BELIEVE THAT THERE IS REASON TO PROCLAIM A NEW SPIRIT IN EUROPE, AS WELL. I THINK THAT SOMETIMES EUROPEANS ARE INCLINED TO UNDERESTIMATE THE EXTENT OF THEIR OWN ACHIEVEMENTS, ESPECIALLY DURING DIFFICULT PERIODS SUCH AS THE PAST FEW YEARS.

THE TERM "EURO" HAS ENTERED ALL OUR LANGUAGES AS A NEW AND ACCEPTED ADJECTIVE. THERE IS MUCH TALK OF EUROCRATS, EURO-DOLLARS, EURO-THIS AND EURO-THAT. I WOULD LIKE TO SUGGEST A NEW EXPRESSION: EURO-OPTIMISM." I AM CONVINCED THAT IT IS JUSTIFIED, I LOOK TO THE EUROPEAN PEOPLE TO PROVIDE IT, AND I CAN ASSURE YOU THAT WE AMERICANS SHARE IT.

END TEXT. FINA

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